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Affordable Housing and Historic Preservation

The goals of historic preservation and affordable housing can work together, and the National Park Service has been an active advocate in support of affordable housing goals through its administration of the Historic Rehabilitation Tax Credit program. Since the program began in the late 1970s, over 10,000 housing projects have been certified for receipt of the Historic Rehabilitation Tax Credit and more than 29,000 individual units have been created for low and moderate income housing. In 1995, almost 3,000 units of housing were made available in rehabilitated structures using the Historic Rehabilitation Tax Credits. Eighty percent of these units, or approximately 2,400 units, were designated for low and moderate income affordable housing.

These projects involved rehabilitating existing housing stock or converting other building types, such as schools or commercial buildings, into units of housing, meeting the *Secretary of the Interior's Standards for Rehabilitation (Standards)*. These *Standards* are the guiding principles for the owners and architects as they plan the changes that will allow new uses and modern amenities to be incorporated into historic buildings while still preserving the significant materials, finishes, and features that make these resources historic. These *Standards* are also used by cultural resource managers and a variety of preservation organizations, particularly whenever federal funds are involved in historic preservation projects. For the tax credit program, proposed income-producing projects, either as individually-listed buildings on the National Register of Historic Places or contributing to federally certified historic districts, are reviewed by State Historic Preservation Officers (SHPO) and the National Park Service for conformance with the *Standards*. Once the work is completed as approved and certified by the National Park Service, the owners or investors qualify for a 20% investment tax credit. It is an important incentive and one that investors indicate often is crucial to the financial success of their projects.

For affordable housing projects, there are a variety of other financial incentives available to developers, communities, or owners, including a Low Income Housing Tax Credit (LIHTC) which can be combined, with some adjustment to basis, with the Historic Rehabilitation Tax Credit. In 1995, 17% of the housing projects certified by the National Park Service for the Historic Rehabilitation Tax Credit also used the Low Income Housing Tax Credit. It is anticipated that a greater number of these projects will combine multiple sources of financing as communities seek to find ways of rehabilitating existing building stock. Located within neighborhoods where the residents can be served with existing local transportation, schools, and community services, these projects are usually quite successful and set an important model for other efforts involving community revitalization.

As a special initiative, the National Park Service has prepared two publications, described in the accompanying sidebar, which highlight examples of successful affordable housing projects within existing historic buildings. While there is definitely a learning curve in navigating the path to obtaining tax credits in complex rehabilitation projects, owners and developers who have returned with subsequent projects have said that the key to making these projects work is to understand the *Standards* and to start with these guidelines. It is incumbent on the owner or preservation professional to know what character-defining features of the building and site need to be preserved. This helps avoid implementing changes, such as demolition or extensive alteration of significant elements, that might jeopardize certification for the tax credits. Most affordable housing projects will need to comply with a variety of agency requirements in addition to the *Standards*. This might include changes for fire code and exiting requirements, compliance to meet the Americans with Disabilities Act, and the incorporation of energy conservation features. Some of these requirements may seem at cross-purposes with historic preservation and so it is best to know up front what each agency requires and then to make

plans accordingly. The key to ensuring that a project will meet the *Standards* is to come to the SHPO and the National Park Service early in the design process and determine which features are significant and which must be preserved as part of the rehabilitation. Owners and developers who have been through the process indicate that it is possible to balance the needs of the various organizations and agencies without jeopardizing the tax credits or making the project too expensive.

The *Standards* encourage repairing materials whenever possible before replacing them, using existing significant spaces without major subdivision; and ensuring that any additions or major alterations to historic buildings retain the integrity, scale, appearance, and character of the historic resource. For most buildings, the character of the resource is embodied in the exterior appearance, including the windows and entrances, and special features such as porches, balconies, and dormers. For many buildings, the interior also contains major spaces and features, such as lobbies or large auditoriums, the primary stair and corridor circulation systems, and the basic plan configuration. The further subdivision of these spaces, for example, with closets, bathrooms, kitchens, or additional rooms, can be achieved in ways that do not impact the significant features or spaces. Each project is evaluated individually based on architectural significance, physical condition, size of the complex, and the scope of work to be undertaken.

Developers often want to achieve thermal efficiency by replacing existing significant windows with stock thermal glass units and to mitigate lead paint hazards by using artificial siding to cover flaking paint. Neither treatment provides for the long-term preservation of a historic resource or its character and they are treatments that are to be avoided by developers applying for the Historic Rehabilitation Tax Credits. New windows consisting of insulating glass with snap-in or sandwich muntins do not replicate historically-significant multi-paned sashes and are rarely approved as meeting the *Standards*. However, reusing historic windows by stripping paint along friction surfaces, repairing and repainting the units, and adding a storm sash for energy efficiency can be cost effective, particularly in oversized openings. If the sashes are too deteriorated to be reused, they may be replaced with modern thermally-efficient units, but the new windows should match the historic detailing and configuration. A similar argument can be made for avoiding the use of vinyl siding over historic wood siding. This treatment is not appropriate for most historic buildings and is not

Publications

Combining the Low Income Housing Tax Credit (LIHTC) with the Historic Rehabilitation Tax Credit makes sense. The use of federal funding for any aspect of the rehabilitation requires review to be certain that the integrity of an historic building is maintained to the greatest possible extent. Rehabilitation of an historic building that meets the Secretary of the Interior's Standards for Rehabilitation will qualify for a 20% tax credit. Often, this additional credit makes the difference between a project that enhances a downtown by its historic presence and one that does not.

Two recent publications explain the benefits and process of combining the credits:

Affordable Housing Through Historic Preservation: Tax Credits and the Secretary of the Interior's Standards for Historic Rehabilitation, National Park Service, 1995, explains how to meet the standards while providing comfortable, safe, and accessible housing for modern families. The book presents solutions to commonly encountered issues such as fire egress, heating and ventilating system upgrades, division of space, and reuse of historic windows. Architects with a record of successful rehabilitations of historic buildings explain how to approach the process to minimize time and ensure a product which benefits not only the developer but also the tenants and the community. They discuss how rehabilitation can gain neighbors' support and avoid the "not in my back yard" resistance often encountered by developers of affordable housing. Case studies present many common building types, including industrial and factory buildings, schools, hospitals, shotguns, townhouses, hotels, large single family houses divided into apartments, and a YWCA. Available from the Government Printing Office, GPO Stock Number 024-005-01163-3; price $7.00.

Affordable Housing Through Historic Preservation: A Case Study Guide to Combining the Credits, National Park Service and the National Trust for Historic Preservation, 1994, explains how to use the two credits for optimal results. The combination of the two credits attracts investors and can be used to provide equity to finance the project. It explains syndication and how non-profit organizations can work with for-profit entities to take advantage of the credits. The book also discusses other sources of subsidy and incentives that may be available. Case studies include examples of different types of financing. Available from the Government Printing Office, GPO Stock Number: 024-005-01148-0; price $5.00.

Orders should be mailed to: Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954.

allowed in most historic districts. Replacement of deteriorated siding with new siding to match the old will give years of service and will be a material that can be maintained by the homeowner. Houses covered with artificial siding and not maintained may hide moisture damage that will accelerate further deterioration. The argument is sometimes made that lead-based paint on historic siding causes too great a hazard and should be covered over as an inexpensive method of mitigation. In most cases, a careful repainting job can stabilize the lead paint and protect the historic materials. Wood-sided buildings, while requiring periodic repainting, will have a longer life in many cases than those covered with artificial siding.

Some developers and owners contend that historic preservation requirements will add cost to an affordable housing project. Many others say that by planning the project with historic preservation in mind a very affordable unit with a distinctive marketable character is produced. Tenants have responded with great pride to units that have retained hardwood floors, wood molding and trim, special features such as fireplaces, and historic windows. Many of these projects have been so treasured by the community and tenants that vandalism, graffiti, and litter have been virtually eliminated and there are long waiting lists to live in these communities.

Following are several examples of projects that have been certified by the National Park Service for the Historic Preservation Tax Credit. Many have also made use of other financial benefits. They are described in detail in *Affordable Housing Through Historic Preservation; Tax Credits and the Secretary of the Interior's Standards for Historic Rehabilitation*. The historic character of these resources has been preserved and the units are intended for low and moderate income tenants.

For those contemplating undertaking a Historic Rehabilitation Tax Credit project, technical assistance can be provided by the State Historic Preservation Officer in each state or through the National Park Service, Heritage Preservation Services, at 202-343-9578. Information about the tax credit program can be found on the Internet, via the National Park Service's "Links to the Past" World Wide Web site [http://www.cr.nps.gov/presprogram.html].

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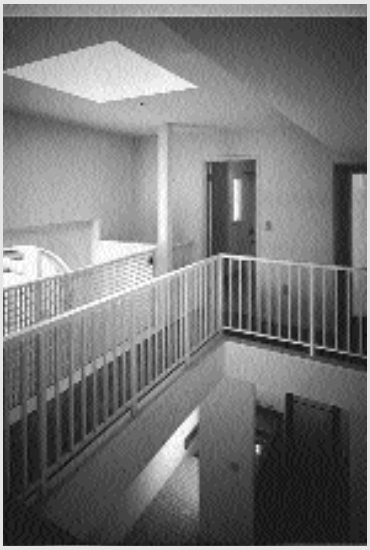
Mercy Family Plaza,San Francisco, CA. *As part of a large rehabilitation of an early-20th-century hospital and nurses'housing complex, eight units of housing were inserted into this once vacant power plant.The building's interior was damaged by fire and conveyed no historic significance, and new two story units were installed without damaging the historic exterior appearance.The natural lighting from the large arched window/door is augmented by light from skylights hidden from view behind the roof parapet walls.The brick smokestack, an important visual aspect of the property, was seismically reinforced and retained. Photos courtesy Sandy & Babcock International, Inc.Architects.*



O'Hern House, Atlanta GA. *This c. 1910 shoe factory building was converted into housing for persons with mental and emotional disabilities. The building had been vacant for some time and many of the windows were bricked up. The plain undivided interior space allowed for flexibility in creating the new interior plan. Units on the upper floors were designed as single rooms with baths that are served by a community dining room and social support services on the first floor. The rehabilitated building had replacement sash installed similar to the original industrial sash and the new plan used a double-loaded corridor layout for units that focused on the large windows surrounded by unpainted brick walls. The tongue-in-groove wooden ceilings were left exposed in many areas through the use of new visible heating and cooling ductwork appropriate for the industrial character of the building. Photos courtesy the Georgia Historic Preservation Division (SHPO), Department of Natural Resources.*

Coleman Manor Apartments, Baltimore, MD. *Abandoned for about 10 years, this c. 1903 school was converted to low-income elderly housing. The significant aspects of the building were its exterior facades, the multi-paned windows—some of them arch headed, interior corridors with stamped metal ceilings, and the classrooms with wooden trim. The classrooms were readily adapted into 600 square foot one-bedroom apartments with kitchens and baths. The new divider wall, in the original classroom between the living area and bedroom area, were simply treated and did not interfere with the window spacing. The exterior walls were furred out and insulated, but all trim was replaced. The corridors were retained to their full width and the stamped ceilings were preserved in the hallways. Many of the metal ceilings in the classrooms were rusted and these were left in place and a new drywall ceiling installed. The new ceiling was kept above the window trim. Historic windows were repaired, the sash weights were redone to allow easier operation, and storm panels were installed. A new rear entrance, off the parking area, was added to provide access to all, particularly persons with disabilities. The fire sprinkler system that had been installed in the 1970s was reconditioned and reused to provide needed fire safety. Photos courtesy Bo Rader, Abingdon, MD.*